

STANSBURY PARK IMPROVEMENT DISTRICT

FINANCIAL REPORT

DECEMBER 31, 2006

STANSBURY PARK IMPROVEMENT DISTRICT

FINANCIAL REPORT

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Stansbury Park Improvement District

We have audited the accompanying basic financial statements of Stansbury Park Improvement District (the District) as of and for the year ended December 31, 2006, as listed in the table of contents. These financial statements are the responsibility of Stansbury Park Improvement District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stansbury Park Improvement District as of December 31, 2006, and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 9, 2007, on our consideration of Stansbury Park Improvement District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 6 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Stansbury Park Improvement District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Wiggins & Co. P.C.*

Sandy, Utah  
May 9, 2007

**STANSBURY PARK IMPROVEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2006**

As management of the Stansbury Park Improvement District (the "District"), located in the unincorporated area of Stansbury Park in Tooele County, Utah, we offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2006. The District prepares its financial statements on the accrual basis of accounting. Revenues are recognized as earned and expenditures are recorded when incurred. The District receives funds from five principal sources: (1) User Service Fees, (2) Plan Review and Inspection Fees, (3) Impact Fees, (4) Interest Income, and (5) Property Taxes. Unrestricted accounts are maintained as separate accounts at Tooele Federal Credit Union (TFCU) invested in interest bearing accounts insured by the NCUA. Unrestricted and restricted impact accounts are kept at Utah Public Treasurers' Investment Fund (PTIF) invested in interest bearing accounts. All investments of the PTIF must comply with the Money Management Act (Section 51-7-11) and rules of the Money Management Council.

**FINANCIAL HIGHLIGHTS**

1. The net assets of the District for the year 2006 were \$23,344,481 an increase over last year of \$3,365,288 primarily due to rapid growth and contributed capital.
2. The total operating revenues of the District for 2006 reported \$886,923 primarily from water and sewer service fees; an increase of \$155,060 over last year.
3. The District has no debt obligations.
4. Cash in the state treasurers' pool reported a fund balance of \$5,378,810 of which \$2,863,699 is impact fee restricted.

**OVERVIEW OF THE STANSBURY PARK IMPROVEMENT DISTRICT**

Stansbury Park Improvement District was established on September 22, 1971 by resolution of the Board of County Commissioners of Tooele County pursuant to Chapter 6, Title 17, of the Utah Code Annotated for the purpose of the operation and maintenance of culinary water, sanitary sewer and the storm drain system. Tooele County has no direct oversight responsibility to the Stansbury Park Improvement District and the District is not reported as a unit of Tooele County. The District has no oversight responsibilities over any other governmental units which need to be reported as units of the District.

The District is governed by three Board of Directors. The Members of the Board serve four year terms, two of which are staggered, and are elected to the Board by the residents of Stansbury Park.

STANSBURY PARK IMPROVEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2006

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The District's financial statements consist of two parts: the District's management discussion and analysis and the basic financial statements. The District's summary financial statements reflect the effect of accounting transactions for the year and include notes to the financial statements.

1. The District's financial statements provide information about the District's financial position and results of operations. These statements, which are presented on the accrual basis, consist of the Statement of Net Assets; Statement of Revenues, Expenses and Changes in Net Assets; Statement of Cash Flows; Notes to Financial Statements and supplemental schedules.
2. The "Notes to Financial Statements" section of the financial statements provides additional information that is essential to a full understanding of the data provided in the District's statements.

The District's statements report information using accounting methods similar to those used by other Enterprise Funds. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Revenues and Expenses and Changes in Net Assets regardless of when cash is received or paid.

The District's presentation of the budget to actual comparison of revenues and expenses shows significant variations of the following:

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance</u>
Sales and services	\$ 642,700	\$ 821,712	\$ 179,012
Operating expenses	950,100	985,290	(35,190)
Depreciation	373,000	492,995	(119,995)
Impact fees-water revenue	327,000	474,871	147,871
Impact fees-sewer revenue	15,000	21,431	6,431
Impact fees-sewer lift station revenue	528,400	687,488	159,088
Contributed capital	0	2,024,993	2,024,993

**OVERVIEW OF DISTRICT FINANCIAL POSITION**

	<b>2006</b>	<b>2005</b>	<b>Change</b>
<b>ASSETS</b>			
Current and other assets	\$ 5,658,840	\$ 4,304,343	\$ 1,354,497
Capital and noncurrent assets	18,098,065	15,780,751	2,317,314
<b>TOTAL ASSETS</b>	<b>23,756,905</b>	<b>20,085,094</b>	<b>3,671,811</b>

**STANSBURY PARK IMPROVEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2006**

	2006	2005	Change
<b>LIABILITIES</b>			
Current liabilities	\$ 412,424	\$ 105,801	\$ 306,623
Long-term liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b>412,424</b>	<b>105,801</b>	<b>306,623</b>
<b>NET ASSETS</b>			
Invested in capital assets			
net of related debt	\$ 18,098,065	\$ 15,780,751	\$ 2,317,314
Restricted	2,863,699	2,142,081	721,618
Unrestricted	<u>2,382,717</u>	<u>2,056,361</u>	<u>326,356</u>
<b>TOTAL LIABILITIES</b>	<b>\$ 23,344,481</b>	<b>\$ 19,979,193</b>	<b>\$ 3,365,288</b>

**OVERVIEW OF CHANGES IN FINANCIAL POSITION**

	2006	2005	Change
Operating revenues	\$ 886,923	\$ 733,863	\$ 153,060
Operating expenses	<u>(985,290)</u>	<u>(863,504)</u>	<u>(121,786)</u>
Operating income	(98,367)	(129,641)	31,274
Nonoperating revenues (expenses)	<u>1,438,662</u>	<u>1,250,466</u>	<u>188,196</u>
Income before contributed capital	1,340,295	1,120,825	219,470
Contributed capital	<u>2,024,993</u>	<u>1,636,220</u>	<u>388,773</u>
Net income (loss)	<u>\$ 3,365,288</u>	<u>\$ 2,757,045</u>	<u>\$ 608,243</u>

**LONG TERM DEBT**

The District is not encumbered with any outstanding long term debt for either revenue bonds or general obligation bonds.

**STANSBURY PARK IMPROVEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2006**

**CAPITAL ASSET CHANGES**

During the year ended December 31, 2006, the District had \$2,810,310 of capital additions, increasing from \$20,531,029 at December 31, 2005 to \$23,341,339 at December 31, 2006. Of the capital additions, \$2,024,993 was contributed from developers, and \$785,318 was financed from impact fees and unrestricted funds of the District. Additions to the distribution system, machinery and equipment, and construction in progress for the year ended December 31, 2006 were \$2,498,173, \$29,459, and \$282,678, respectively. Depreciation expense was \$492,995 for the year ended December 31, 2006.

**MAINTENANCE OF CAPITAL ASSETS**

The District currently staffs four full time employees and part time employees as the need arises. The full time employees consist of a manager, clerk, and two field operation persons to oversee the daily operation and maintenance of the system which includes all of the piping for the water, sewer, and storm drain systems. The District maintains two culinary water storage tanks, three production wells, two sewer lift stations and a lagoon system consisting of 107 acres.

The District contracts out for professional and technical services including but not limited to engineering. The contractors provide services to the District as it relates to the design of new projects, impact fee and rate analysis, water and sewer master planning and plan review and inspection services for new development. The District has an ongoing maintenance program with Roto Rooter for the cleaning, televising, and maintenance of the sewer system. Other professional and technical services are provided from various firms as the need arises.

The District has adequate funds for emergency repairs resulting from unexpected circumstances.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the District's accountability for all those interested. If you have additional questions regarding financial information, you may contact the District's office at the following address:

**Stansbury Park Improvement District**  
10 Plaza  
Stansbury Park, UT 84074



STANSBURY PARK IMPROVEMENT DISTRICT  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2006

ASSETS

Current assets:

Cash and cash equivalents	\$ 124,870
Cash in State Treasurer's Pool	2,515,111
Cash in State Treasurer's Pool - restricted -Impact fees	2,863,699
Trade accounts receivable (net of allowance for doubtful accounts)	147,341
Prepaid expenses	<u>7,819</u>

Total current assets	<u>5,658,840</u>
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Property, plant, and equipment:

Land	79,652
Building Improvements	494,775
Distribution system	22,047,970
Machinery and equipment	184,620
Office equipment	33,526
Construction in progress	476,680
Idle assets	24,116
Less: Accumulated depreciation	<u>(5,243,274)</u>

Net property, plant and equipment	<u>18,098,065</u>
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Total Assets	<u>\$ 23,756,905</u>
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LIABILITIES

Current liabilities:

Accounts payable	\$ 233,161
Accrued expenses	16,861
Meter deposits	4,530
Inspection deposits	<u>157,872</u>

Total current liabilities	<u>412,424</u>
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NET ASSETS

Invested in capital assets, net of related debt	18,098,065
Restricted - Impact fees (expendable)	2,863,699
Unrestricted	<u>2,382,717</u>

Total net assets	<u>23,344,481</u>
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Total current liabilities and net assets	<u>\$ 23,756,905</u>
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The accompanying notes are an integral part of these financial statements.

STANSBURY PARK IMPROVEMENT DISTRICT  
STATEMENTS OF REVENUES, EXPENSES,  
AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2006

Operating revenues:	
Sales and services	\$ 821,712
Connection fees	17,700
Miscellaneous	<u>47,511</u>
Total operating revenue	<u>886,923</u>
Operating expenses:	
Personnel services	232,905
Supplies and materials	72,397
Utilities	79,093
Other	100,860
Bad debt	7,040
Depreciation	<u>492,995</u>
Total operating expenses	<u>985,290</u>
Operating income (loss)	<u>(98,367)</u>
Nonoperating revenues (expenses):	
Property taxes	12,152
Interest revenue	113,011
Impact fees - water	474,871
Impact fees - water - interest income	34,390
Impact fees - sewer	21,431
Impact fees - sewer - interest income	14,446
Impact fees - sewer lift station	687,488
Impact fees - sewer lift station interest income	<u>80,873</u>
Total nonoperating revenue and (expenses)	<u>1,438,662</u>
Income before contributed capital	1,340,295
Contributed capital	<u>2,024,993</u>
Net income (loss)	3,365,288
Net assets beginning of year	<u>19,979,193</u>
Net assets end of year	<u><u>\$ 23,344,481</u></u>

The accompanying notes are an integral part of these financial statements.

STANSBURY PARK IMPROVEMENT DISTRICT  
STATEMENTS OF CASH FLOW  
FOR THE YEAR ENDED DECEMBER 31, 2006

Cash flows from operating activities:	
Cash received from customers	\$ 868,823
Cash paid for salaries and employee benefits	(229,597)
Cash paid for other operating expenses	<u>43,931</u>
Net cash provided (used) for operating activities	<u>683,157</u>
Cash flows from noncapital financing activities:	
Property taxes received from Tooele County	<u>12,152</u>
Net cash provided (used) by noncapital financing activities	<u>12,152</u>
Cash flows from capital and related financing activities:	
Impact fees collected - water	474,871
Interest earned - water impact fees	34,390
Impact fees collected - sewer	21,431
Interest earned - sewer impact fees	14,446
Impact fees collected - lift station	687,488
Interest earned - lift station impact fees	80,873
Expenditures - water impact fees	(490,300)
Expenditures - sewer impact fees	(101,230)
Expenditures - lift station	(355)
Purchase of capital assets from unrestricted funds	<u>(193,433)</u>
Net cash provided (used) by capital and related financing activities	<u>528,181</u>
Cash flows from investing activities:	
Interest income	<u>113,011</u>
Net cash provided (used) by investing activities	<u>113,011</u>
Net increase (decrease) in cash	1,336,501
Cash and cash equivalents at beginning of year	<u>4,167,179</u>
Cash and cash equivalents at end of year	<u><u>\$ 5,503,680</u></u>

The accompanying notes are an integral part of these financial statements.

STANSBURY PARK IMPROVEMENT DISTRICT  
STATEMENTS OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2006

Reconciliation of operating income (loss) to net cash  
provided (used) by operating activities:

Operating income (loss)	\$ (98,367)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	492,995
(Increase) decrease in accounts receivable	(18,100)
(Increase) decrease in prepaid expenses	3
Increase (decrease) in accounts payable	195,176
Increase (decrease) in accrued expenses	3,308
Increase (decrease) in meter and inspection deposits	<u>108,142</u>
Total adjustments	<u>781,524</u>
Net cash provided (used) for operating activities	<u>\$ 683,157</u>

Supplemental disclosure of non-cash capital  
and related financing activities:

Capital assets contributed from developers	<u>\$ 2,024,993</u>
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The accompanying notes are an integral part of these financial statements.

**STANSBURY PARK IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**NOTE 1. SUMMARY OF ACCOUNTING POLICIES**

The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles and applies Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989 that are developed for business enterprises unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the governments accounting policies are described below.

**A. History and Business Activity**

Stansbury Park Improvement District was established by resolution of the Board of County Commissioners of Tooele on September 22, 1971, pursuant to Chapter 6, Title 17, of the Utah Code Annotated. Tooele County has no oversight responsibility over the District and therefore the District is not reported as a component unit of Tooele County. The District has no oversight responsibilities over any other governmental units which need to be reported as component units of the District.

The purpose of the District is to acquire and operate systems for providing water and sewer services to Stansbury Park and Lake Point areas of Tooele County.

**B. Basis of Accounting**

The District is a proprietary fund and is required to present a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

STANSBURY PARK IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

**NOTE 1. SUMMARY OF ACCOUNTING POLICIES (Continued)**

**B. Basis of Accounting (Continued)**

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

**C. Property and Equipment**

Property and equipment are stated at cost. Normal maintenance and repair expenses that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed asset. The net book value of property sold or otherwise disposed of is removed from the property and accumulated depreciation accounts and the resulting gain or loss is included as income. Depreciation expense for the year ended December 31, 2006 was \$492,995. Idle assets are not depreciated.

Depreciation of property and equipment was computed using the straight-line method over the following estimated useful lives:

Sewer Lines	40 years
Office Building	40 years
Furniture and Fixtures	10 years
Automobiles and Trucks	5-8 years
Tools and Equipment	5-10 years

**D. Contributed Capital**

The District receives title to various water and sewer lines that have been constructed by developers after the District certifies that sewer and water lines meet all the required specifications. The District records sewer and water lines at fair market value, which are depreciated using the methods and lives set forth above and charged to net assets each year. The contributed sewer and water lines amounted to \$2,024,993 for the year ended December 31, 2006.

STANSBURY PARK IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

**NOTE 1. SUMMARY OF ACCOUNTING POLICIES (Continued)**

**E. Property Tax Revenues**

Property tax rates are set in June of each year by the Board of Trustees for the District. The County Assessor assesses a value (an approximation of market value) as of January 1 of each year for all real property, which the property tax rates will apply for assessing property taxes. The property taxes assessed become delinquent after November 30.

**F. Budgetary Accounting**

The District adopts an annual budget, which is maintained on the accrual basis. However, the budget includes capital expenditures which is prepared on the cash basis. See footnote 5 for adjustments to reconcile actual results to the budgetary basis. Further, the District appropriates net assets for any shortfalls between budgeted expenses over budgeted revenues. The net asset appropriation has been eliminated in the budgetary comparison and is detailed on footnote 5.

All annual appropriations lapse at fiscal year end.

**G. Cash Equivalents**

For the purpose of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**H. Allowance for Doubtful Accounts**

Management has set up an allowance for doubtful accounts of \$6,500 for the year ended December 31, 2006.

**I. Risk Management**

The District purchases insurance from an independent carrier to provide worker's compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the prior year.

STANSBURY PARK IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

**NOTE 1. SUMMARY OF ACCOUNTING POLICIES (Continued)**

**J. Net Assets**

The District is required by law (Utah Code 11-36-301) to reserve all impact fees collected including interest thereon. The District has reserved \$650,958 of water impact fees, \$265,126 of sewer impact fees and \$1,947,615 of sewer lift station impact fees for a total of \$2,863,699 at December 31, 2006.

**K. Use of Restricted/Unrestricted Net Assets**

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District's policy is to apply restricted net assets first.

**NOTE 2. SUMMARY OF CHANGES IN FIXED ASSETS**

A summary of the fixed assets is as follows:

	December 31, 2005	Additions	Disposals	December 31, 2006
Land	\$ 79,652	\$ -	\$ -	\$ 79,652
Building Improvements	494,775	-	-	494,775
Distribution system	19,549,797	2,498,173	-	22,047,970
Machinery and equipment	155,161	29,459	-	184,620
Office equipment	33,526	-	-	33,526
Construction in progress	194,002	282,678	-	476,680
Idle assets	24,116	-	-	24,116
	20,531,029	2,810,310	-	23,341,339
Less: Accumulated depreciation	(4,750,279)	(492,995)	-	(5,243,274)
	<u>\$ 15,780,750</u>	<u>\$ 2,317,315</u>	<u>\$ -</u>	<u>\$ 18,098,065</u>

**NOTE 3. LONG-TERM DEBT**

On December 31, 2006, the District had no long-term debt.



STANSBURY PARK IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

**NOTE 4. CASH AND INVESTMENTS**

Following are the components of the District's cash and investments at December 31, 2006:

Cash and cash equivalents - Unrestricted	\$ 2,639,981
Cash and cash equivalents - Restricted	<u>2,863,699</u>
	<u>\$ 5,503,680</u>

Deposits

At December 31, 2006, the carrying amount of the District's deposits was \$124,870 and the bank balance was \$124,489, of which \$100,000 was covered by NCUA. Deposits are not collateralized nor are they required to be by state statute.

The District follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) in handling its depository and temporary investment transactions. This law requires the deposit of District funds in a "qualified depository". The Act defined a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Investments

At December 31, 2006, the District's investment balances were as follows:

<u>Investment type</u>	<u>Fair value</u>	<u>Maturity</u>	<u>Rating</u>
Utah Public Treasurer's Investment fund	<u>\$5,378,810</u>	N/A	Unrated
Total	<u>\$5,378,810</u>		

*Interest Rate Risk.* The District has no policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District invests in the Utah Public Treasurer's Investment Fund which is short term.

*Credit Risk.* The District has no policy regarding credit risk. The investment in the Utah Public Treasurer's Investment Fund is unrated. These monies are invested primarily in money market securities.

STANSBURY PARK IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

**NOTE 4. CASH AND INVESTMENTS (Continued)**

*Custodial Credit Risk.* For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District has no policy on custodial credit risk.

*Concentration of Credit Risk.* The District places no limit on the amount that the District may invest in any one issuer. The District has no concentration of credit risk.

The Utah Public Treasurer's Investment Fund (UPTIF) is an external deposit and investment pool wherein governmental entities are able to pool the monies from several entities to improve investment efficiency and yield. These monies are invested primarily in money market securities and contain no withdrawal restrictions. As such, the monies invested in this fund are not insured and are subject to the same market risks as any similar investment in money market funds. The Fund is not SEC registered. The fair value of the District's position in the fund is the same as the value of the fund shares.

Restricted Assets

The restricted cash and investments of \$2,863,699 consist of impact fees received to be used only for the purpose defined by contract or under legal provisions.

**NOTE 5. ADJUSTMENTS TO BUDGETARY COMPARISON**

Following are the adjustments required to reconcile the actual results to the budgetary basis of accounting:

	<u>Supplies and materials</u>	<u>Contributed Capital</u>
Actual Results - Accrual Basis	\$ -	\$ 2,024,993
Add: Capital Expenditures	(785,318)	-
Less: Contributed Capital not budgeted by the Board	<u>-</u>	<u>(2,024,993)</u>
Actual Results - Budgetary Basis	<u>\$ (785,318)</u>	<u>\$ -</u>

STANSBURY PARK IMPROVEMENT DISTRICT  
STATEMENT OF REVENUES AND EXPENSES - BY DEPARTMENT  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Administrative</u>	<u>Water</u>	<u>Sewer &amp; Storm Drain</u>	<u>Total</u>
Operating revenues:				
Sales and services	\$ -	\$ 438,621	\$ 383,091	\$ 821,712
Connection fees	-	8,850	8,850	17,700
Miscellaneous	-	47,511	-	47,511
Total operating revenue	-	494,982	391,941	886,923
Operating expenses:				
Personnel services	78,462	101,448	52,995	232,905
Supplies and materials	29,080	27,082	16,235	72,397
Utilities	11,740	58,873	8,480	79,093
Other	43,645	22,982	34,233	100,860
Bad debt	-	7,040	-	7,040
Depreciation	23,439	206,742	262,814	492,995
Total operating expenses	186,366	424,167	374,757	985,290
Operating income (loss)	(186,366)	70,815	17,184	(98,367)
Nonoperating revenues (expenses):				
Property taxes	12,152	-	-	12,152
Interest revenue	113,011	-	-	113,011
Impact fees - water	-	474,871	-	474,871
Impact fees - water - interest income	-	34,390	-	34,390
Impact fees - sewer	-	-	21,431	21,431
Impact fees - sewer - interest income	-	-	14,446	14,446
Impact fees - sewer lift station	-	-	687,488	687,488
Impact fees - sewer lift station interest income	-	-	80,873	80,873
Total nonoperating revenue and (expenses)	125,163	509,261	804,238	1,438,662
Income before contributed capital	(61,203)	580,076	821,422	1,340,295
Contributed capital	-	700,379	1,324,614	2,024,993
Net income (loss)	\$ (61,203)	\$ 1,280,455	\$ 2,146,036	\$ 3,365,288

The accompanying notes are an integral part of these financial statements.

STANSBURY PARK IMPROVEMENT DISTRICT  
SCHEDULE OF IMPACT FEES – WATER  
DECEMBER 31, 2006

	Water Impact Fees								
	1999	2000	2001	2002	2003	2004	2005	2006	Total
<b>Impact fee transactions</b>									
Impact fees - collected	\$ 326,444	\$ 168,559	\$ 424,432	\$ 111,418	\$ 200,171	\$ 409,901	\$ 440,117	\$ 474,871	\$ 2,555,913
Interest earned in prior years	8,407	9,572	4,352	-	-	5,488	9,592	-	37,411
Interest earned in current year	-	-	-	-	-	6,141	15,149	13,100	34,390
Total impact fees and interest	<u>334,851</u>	<u>178,131</u>	<u>428,784</u>	<u>111,418</u>	<u>200,171</u>	<u>421,530</u>	<u>464,858</u>	<u>487,971</u>	<u>2,627,714</u>
<b>Expenditures</b>									
Expenditures in 1999	260,331	-	-	-	-	-	-	-	260,331
Expenditures in 2000	20,833	-	-	-	-	-	-	-	20,833
Expenditures in 2001	53,687	178,131	428,784	109,648	200,171	69,815	-	-	1,040,236
Expenditures in 2002	-	-	-	1,770	-	-	-	-	1,770
Expenditures in 2003	-	-	-	-	-	146,549	-	-	146,549
Expenditures in 2004	-	-	-	-	-	-	-	-	-
Expenditures in 2005	-	-	-	-	-	16,737	-	-	16,737
Expenditures in 2006	-	-	-	-	-	188,429	301,871	-	490,300
Total expenditures	<u>334,851</u>	<u>178,131</u>	<u>428,784</u>	<u>111,418</u>	<u>200,171</u>	<u>421,530</u>	<u>301,871</u>	<u>-</u>	<u>1,976,756</u>
Net balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,987</u>	<u>\$ 487,971</u>	<u>\$ 650,958</u>
<b>Budgeted future projects:</b>									
Well transmission piping	\$ 304,475								
Looping dead end mains	320,000								
Water line upsizing costs	160,868								
Total budgeted future projects	<u>\$ 785,343</u>								

The accompanying notes are an integral part of these financial statements.

**STANSBURY PARK IMPROVEMENT DISTRICT**  
**SCHEDULE OF IMPACT FEES – SEWER**  
**DECEMBER 31, 2006**

	Sewer Impact Fees								
	1999	2000	2001	2002	2003	2004	2005	2006	Total
<b>Impact fee transactions</b>									
Impact fees - collected	\$ 306,058	\$ 189,978	\$ 104,601	\$ 32,741	\$ 104,277	\$ 10,160	\$ 27,724	\$ 21,431	\$ 796,970
Transfer to lift station fees	-	(131,116)	-	-	-	-	-	-	(131,116)
Interest earned in prior years	34,200	15,444	11,525	2,712	6,682	405	980	-	71,948
Interest earned in current year	-	-	2,569	2,091	6,544	623	1,693	927	14,447
Total impact fees and interest	<u>340,258</u>	<u>74,306</u>	<u>118,695</u>	<u>37,544</u>	<u>117,503</u>	<u>11,188</u>	<u>30,397</u>	<u>22,358</u>	<u>752,249</u>
<b>Expenditures</b>									
Expenditures in 1999	-	-	-	-	-	-	-	-	-
Expenditures in 2000	58,125	-	-	-	-	-	-	-	58,125
Expenditures in 2001	247,236	-	-	-	-	-	-	-	247,236
Expenditures in 2002	-	-	-	-	-	-	-	-	-
Expenditures in 2003	-	-	-	-	-	-	-	-	-
Expenditures in 2004	17,454	-	-	-	-	-	-	-	17,454
Expenditures in 2005	17,443	45,634	-	-	-	-	-	-	63,077
Expenditures in 2006	-	28,672	72,558	-	-	-	-	-	101,230
Total expenditures	<u>340,258</u>	<u>74,306</u>	<u>72,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>487,122</u>
Net balance	\$ -	\$ -	\$ 46,137	\$ 37,544	\$ 117,503	\$ 11,188	\$ 30,397	\$ 22,358	\$ 265,127
<b>Budgeted future projects:</b>									
*Lagoon headworks	\$900,000								
*Sewer lagoon upgrade	600,000								
*Aeration	250,000								
Pipeline upsizing	<u>250,000</u>								
Total budgeted future projects	\$ 2,000,000								

\* These costs are system wide improvements and serve both the sewer and sewer lift station.

The accompanying notes are an integral part of these financial statements.

**STANSBURY PARK IMPROVEMENT DISTRICT**  
**SCHEDULE OF IMPACT FEES – SEWER LIFT STATION**  
**DECEMBER 31, 2006**

	Sewer Lift Station Impact Fees							
	2000	2001	2002	2003	2004	2005	2006	Total
Impact fee transactions								
Impact fees - collected	\$ 131,116	\$ 490,170	\$ 131,929	\$ 175,808	\$ 600,896	\$ 631,072	\$ 687,489	\$ 2,848,480
Interest earned in prior years	4,737	4,483	4,777	10,127	22,408	8,718	-	55,250
Interest earned in current year	-	-	-	-	28,570	33,861	18,442	80,873
Total impact fees and interest	<u>135,853</u>	<u>494,653</u>	<u>136,706</u>	<u>185,935</u>	<u>651,874</u>	<u>673,651</u>	<u>705,931</u>	<u>2,984,603</u>
Expenditures								
Expenditures in 1999	-	-	-	-	-	-	-	-
Expenditures in 2000	-	-	-	-	-	-	-	-
Expenditures in 2001	135,853	460,317	-	-	-	-	-	596,170
Expenditures in 2002	-	34,336	20,823	-	-	-	-	55,159
Expenditures in 2003	-	-	48,861	-	-	-	-	48,861
Expenditures in 2004	-	-	10,494	-	-	-	-	10,494
Expenditures in 2005	-	-	56,528	185,935	83,487	-	-	325,950
Expenditures in 2006	-	-	-	-	355	-	-	355
Total expenditures	<u>135,853</u>	<u>494,653</u>	<u>136,706</u>	<u>185,935</u>	<u>83,842</u>	<u>-</u>	<u>-</u>	<u>1,036,989</u>
Net balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 568,032</u>	<u>\$ 673,651</u>	<u>\$ 705,931</u>	<u>\$ 1,947,614</u>

\* These costs are system wide improvements and serve both the sewer and sewer lift station.

The accompanying notes are an integral part of these financial statements.

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STANSBURY PARK IMPROVEMENT DISTRICT  
BUDGET TO ACTUAL COMPARISON  
FOR THE YEAR ENDED DECEMBER 31, 2006

	Budgeted Amounts		Actual Amounts Accrual Basis
	Original	Final	
Operating revenues:			
Sales and services	\$ 642,700	\$ 642,700	\$ 821,712
Connection fees	12,000	12,000	17,700
Miscellaneous	34,000	34,000	47,511
Total operating revenue	688,700	688,700	886,923
Operating expenses:			
Personnel services	245,900	245,900	232,905
Supplies and materials	125,700	125,700	72,397
Utilities	62,000	62,000	79,093
Other	141,500	141,500	100,860
Bad debt	2,000	2,000	7,040
Depreciation	373,000	373,000	492,995
Total operating expenses	950,100	950,100	985,290
Operating income (loss)	(261,400)	(261,400)	(98,367)
Nonoperating revenues (expenses):			
Property taxes	27,000	25,896	12,152
Interest revenue	40,100	40,100	113,011
Impact fees - water	327,000	327,000	474,871
Impact fees - water - interest	3,000	3,000	34,390
Impact fees - sewer	15,000	15,000	21,431
Impact fees - sewer - interest	5,000	5,000	14,446
Impact fees - sewer lift station	528,400	528,400	687,488
Impact fees - sewer lift station interest income	10,000	10,000	80,873
Capital expenditures	(1,977,000)	(2,261,367)	-
Total nonoperating revenue and (expenses)	(1,021,500)	(1,306,971)	1,438,662
Income before contributed capital	(1,282,900)	(1,568,371)	1,340,295
Contributed capital	-	-	2,024,993
Net income (loss)	\$ (1,282,900)	\$ (1,568,371)	\$ 3,365,288

The accompanying notes are an integral part of these financial statements.



<u>Adjustment</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance</u>
\$ -	\$ 821,712	\$ 179,012
-	17,700	(5,700)
-	47,511	(13,511)
-	886,923	159,801
-	232,905	12,995
-	72,397	53,303
-	79,093	(17,093)
-	100,860	40,640
-	7,040	(5,040)
-	492,995	(119,995)
-	985,290	(35,190)
-	(98,367)	124,611
-	12,152	(13,744)
-	113,011	72,911
-	474,871	147,871
-	34,390	31,390
-	21,431	6,431
-	14,446	9,446
-	687,488	159,088
-	80,873	70,873
(785,318)	(785,318)	1,476,049
(785,318)	653,344	1,960,315
(785,318)	554,977	2,084,926
(2,024,993)	-	-
<u>\$ (2,810,311)</u>	<u>\$ 554,977</u>	<u>\$ 2,084,926</u>

The accompanying notes are an integral part of these financial statements.

STANSBURY PARK IMPROVEMENT DISTRICT

MANAGEMENT REPORT

DECEMBER 31, 2006

STANSBURY PARK IMPROVEMENT DISTRICT

MANAGEMENT REPORT

DECEMBER 31, 2006

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees  
Stansbury Park Improvement District

We have audited the basic financial statements of Stansbury Park Improvement District as of and for the year ended December 31, 2006, and have issued our report thereon dated May 9, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Stansbury Park Improvement District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Stansbury Park Improvement District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Stansbury Park Improvement District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects Stansbury Park Improvement District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a likelihood that a misstatement of Stansbury Park Improvement District's financial statements that is more inconsequential will not be prevented or detected by Stansbury Park Improvement District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Stansbury Park Improvement District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stansbury Park Improvement District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the District's Board of Trustees, management and is not intended to be and should not be used by anyone other than those specified parties.

*Wiggins & Co. P.C.*

Sandy, Utah  
May 9, 2007

INDEPENDENT AUDITOR'S REPORT ON  
STATE OF UTAH LEGAL COMPLIANCE

To the Board of Trustees  
Stansbury Park Improvement District

We have audited the basic financial statements of Stansbury Park Improvement District for the year ended December 31, 2006, and have issued our report thereon dated May 9, 2007. Our audit included testwork on the District's compliance with the following general compliance requirements identified in the State of Utah Legal Compliance Audit Guide:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Truth in Taxation and Property Tax Limitations
- Special Districts
- Other General Compliance Issues
- Impact Fees and Other Development Fees

The District did not receive any major or nonmajor State grants during the year ended December 31, 2006.

The management of Stansbury Park Improvement District is responsible for the District's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, the Stansbury Park Improvement District, complied, in all material respects, with the general compliance requirements identified above for the year ended December 31, 2006.

*Wiggins & Co. P.C.*

Sandy, Utah

May 9, 2007

STANSBURY PARK IMPROVEMENT DISTRICT  
SCHEDULE OF FINDINGS, RECOMMENDATIONS  
AND RESPONSES – CURRENT YEAR

There were no findings for the year ended December 31, 2006.



STANSBURY PARK IMPROVEMENT DISTRICT  
SCHEDULE OF FINDINGS, RECOMMENDATIONS  
AND RESPONSES – PRIOR YEAR

A. FINDINGS – STATE OF UTAH LEGAL COMPLIANCE

1. **Finding:**

Form TC-693 reports the property tax "Budgeted Revenue," which should be the revenue amount for the adopted budget. The entity's adopted budget for property tax revenue does not agree with the amount on Form TC-693.

**Recommendation:**

The District should budget the amount of property tax revenue that is recorded on form TC-693.

**Status:**

The District complied with this requirement for the year ended December 31, 2006.